

# HOUSE BILL REPORT

## SB 5399

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**As Reported by House Committee On:**  
Community & Economic Development & Trade

**Title:** An act relating to supporting industry clusters as an economic development tool.

**Brief Description:** Developing a work group to support industry clusters as an economic development tool.

**Sponsors:** Senators Kilmer, Kastama, Kauffman, Shin, Schoesler, Berkey, Delvin, Rockefeller and Rasmussen.

**Brief History:**

**Committee Activity:**

Community & Economic Development & Trade: 3/21/07, 3/28/07 [DP].

**Brief Summary of Bill**

- Directs the Economic Development Commission and the Workforce Training and Education Coordinating Board to convene a working group to create a framework for the identification of economic clusters and the delivery of services and resources to the clusters.

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### HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

**Majority Report:** Do pass. Signed by 8 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Rolfes and P. Sullivan.

**Staff:** Tracey Taylor (786-7196).

**Background:**

In 2003, the Legislature established the Economic Development Commission (Commission). The duties of the Commission include: reviewing and periodically updating the state's economic development strategy and performance measures, and performing an annual evaluation; providing policy direction to the Department of Community, Trade and Economic Development (DCTED); identifying policies and programs to assist Washington's small

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businesses; assisting the DCTED with procurement and deployment of private funds for business development, recruitment and promotion; providing policy direction to the DCTED regarding the development of strategies that: (1) promote business retention, expansion and creation within the state; (2) market state products and services; (3) promote the state's business climate; (4) enhance relationships and cooperation between local governments, economic development councils, state agencies, and the Legislature; (5) integrate economic development programs; and (6) increase the flexibility of funds available for economic development. The Commissioners shall also meet with the chairs and ranking minority members of the legislative committees overseeing economic development policies.

In the spring of 2006, the Governor directed the Workforce Training and Education Coordinating Board (Workforce Board) to review Washington's workforce development system and recommend improvements. In response, The Workforce Board issued the report "Washington Works: Strengthening the Workforce for Washington's Future." The Workforce Board recommended a series of steps to strengthen the connections between workforce development and economic development programs. The report recommended a new framework for coordination of public investments in workforce and economic development, especially for cluster-based initiatives.

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**Summary of Bill:**

The Commission and the Workforce Board are directed to convene a working group consisting of the DCTED, the Employment Security Department, the State Board for Community and Technical Colleges, a representative of local economic development councils, and a representative of local workforce development councils. This working group shall create a framework for the identification of economic clusters, as well as the service and resource delivery to the clusters.

The working group must specify a process for the identification of substate geographic concentrations of firms or employment in an industry and their customers, suppliers, supporting businesses, and institutions. In addition, the working group must establish criteria for identifying strategic clusters, which are important to the state's economic prosperity and identify the public resources available which could be more intensively devoted to assist clusters. Also, the working group will identify the mechanisms by which public resources can be coordinated and more efficiently delivered to support the growth and competitiveness of clusters.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill is based on the recommendations from the Workforce Board report and is the first step in a long process. This will increase cluster development by increasing coordination across systems by providing an ongoing framework. Industry clusters are an important part of our economic development strategy. The industry cluster strategy is also important to the individual businesses in the cluster. This work group is an important tool in strengthening our systems.

(Opposed) None.

**Persons Testifying:** Senator Kilmer, prime sponsor; Wes Pruitt, Workforce Training and Education Coordinating Board; Amber Carter, Association of Washington Business; and T.K. Bentler, Northwest Food Processors Association.

**Persons Signed In To Testify But Not Testifying:** None.